

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS NEWS ROOM

CONFEREES APPROVE FISCAL YEAR 2004 DEFENSE APPROPRIATIONS CONFERENCE AGREEMENT

WASH D.C. (Sept. 18, 2003)—The bill reported by the Defense Subcommittee conferees provides a total of \$368.2 billion in new discretionary spending authority for the Department of Defense for fiscal year 2004. This amount is \$3.8 billion more than was appropriated for fiscal year 2003 (excluding the amounts provided in the Iraq supplemental in April 2003), and is \$3.5 billion below the President's fiscal year 2004 budget request.

MAJOR CONFERENCE RECOMMENDATIONS

BALLISTIC MISSILE DEFENSE

The conference agreement provides total funding (Procurement and RD&TE) of \$9.1 billion for Ballistic Missile Defense, an increase of \$1.4 billion over fiscal year 2003 levels and a net decrease of \$5.1 million from the fiscal year 2004 budget request.

- These amounts provide an increase of \$181 million above the budget request for the Ground-Based Midcourse Segment (\$3.6 billion) to support continued development of a national missile defense with an initial operational capability in fiscal year 2004, as proposed by the President.
- Provides \$621.6 million, an increase of \$60 million over the request, for production of Patriot PAC-3 missiles.

SPECIAL OPERATIONS FORCES

- \$4.5 billion is provided for the Special Operations Command, an increase of \$97 million over the budget request and an overall increase of over 47 percent from levels approved in the fiscal year 2003 Defense Appropriations Act.

GROUND FORCES MODERNIZATION

- \$417.7 million over the request is provided to continue modernization of the Army's Counterattack Corps. These funds will be used for procurement of 144 upgraded Bradley Fighting Vehicles, 43 M1A2 Abrams tanks, and other equipment needed for modernization of the 3rd Armored Cavalry regiment.
- The conference agreement fully funds procurement of Stryker for the fourth Stryker Medium Brigade, and includes \$35 million above the budget request in advance funding for the fifth and sixth brigades. \$1.7 billion, the requested amount, is allotted for further development of the Army's Future Combat System (FCS).

UNMANNED AERIAL VEHICLES

- \$1.4 billion is recommended for procurement and continued development of unmanned aerial vehicles, nearly a \$225 million increase from fiscal year 2003 levels. Included in this amount are funds for the procurement of four Global Hawk UAVs, 16 Predator UAVs, 2 Predator B UAVs, 8 Shadow UAVs, and 8 Firescout UAVs. The Committee also provides \$270 million for continued development of Navy and Air Force Unmanned Aerial Combat Vehicles (UCAVs).

SHIPBUILDING PROGRAMS

- \$11.5 billion, an increase of \$2.4 billion over fiscal year 2003 levels, is proposed for shipbuilding programs. This level fully funds amounts requested for fiscal year 2004 production ships, including one Virginia-class submarine, two Trident SSGN conversions, and three DDG-51 destroyers.
- The conference agreement includes an additional two submarine refueling overhauls and \$103 million for Cruiser modernization.
- The conference agreement includes the Navy's request for multi-year contract authority for the Virginia-class submarine, as modified by the Senate for one ship per year.
- The conference agreement includes the Navy's request for construction of two T-AKE container ships.
- Advance funding of \$135 million over the request is provided to support procurement of an LPD-17 class amphibious ship in fiscal year 2005.
- For future ship development, the following is recommended:
 - \$1.5 billion, as requested, for the next-generation CVN-21 carrier;
 - \$168 million for the Littoral Combat Ship;
 - \$1 billion for the DD(X) program;
 - \$65 million for LHA(R).

CHEMICAL AND BIOLOGICAL DEFENSE INITIATIVES

- The Committee provides over \$1 billion, an increase of \$135 million over the request, for procurement and development of chemical and biological defenses under the Defense-wide appropriations, with additional funding for mobile chemical agent detection, air contaminant monitoring systems, early warning and detection programs, and miniature chemical and biological detectors.

OTHER SUBCOMMITTEE RECOMMENDATIONS BY MAJOR CATEGORY

MILITARY PERSONNEL

\$98.5 billion (an increase of \$4.9 billion over the fiscal year 2003 enacted level).

- The conference agreement supports the President's budget request of 1.388 million active duty military personnel.
- Funds 863,300 Selected Reserve and National Guard personnel.
- Fully funds an average 4.1 percent military personnel pay raise requested in the budget and selected targeted pay raises for mid-career officers and senior non-commissioned officers.
- Approves housing allowances for the buy down of servicemembers' out-of-pocket housing expenses from 7.5 percent in fiscal year 2003 to 3.5 percent in fiscal year 2004.
- Provides \$128 million for the continuation of increased rates for Imminent Danger Pay and Family Separation Allowances.
- Provides a total of \$88.2 million for 12 additional WMD Civil Support Teams.

OPERATIONS AND MAINTENANCE

\$115.9 billion (an increase of \$1.206 billion over the fiscal year 2003 enacted level).

- Provides the requested levels of funding for land forces training, tank training miles, helicopter flying hours, ship steaming days, and Air Force and Navy flying hour programs, and supports the Department of Defense goal to fund facilities sustainment at not less than 93 percent in all branches of the Armed Forces.

PROCUREMENT

\$74.7 Billion (an increase of \$3.1 billion over the fiscal year 2003 enacted level).

- Provides \$228 million for 19 Army Blackhawk helicopters.
- Provides \$2.9 billion for 42 Navy F/A-18E/F fighter aircraft.
- Provides \$1.5 billion for 11 V-22 aircraft (9 Marine Corps, 2 Air Force).
- Provides \$355 million for 350 Navy Tactical Tomahawk cruise missiles.
- Provides \$724 million for Navy and Air Force Joint Direct Attack Munitions (JDAM).
- Provides \$3.6 billion for 22 F-22 Air Force fighter aircraft.
- Provides \$2.1 billion for 11 Air Force C-17 airlift aircraft.
- Provides \$85 million for the procurement of 200 Joint Air-to-Surface Standoff Missiles (JASSM).
- Provides an increase of \$400 million for equipment for the National Guard and Reserves.

RESEARCH AND DEVELOPMENT

\$65.2 billion (an increase of \$7.0 billion over the fiscal year 2003 enacted level).

- Provides \$1.1 billion for the Army's Comanche helicopter.
- Provides \$4.3 billion for the Joint Strike Fighter.

- Provides \$364 million for the Air Force's MC2C command and control constellation.
- Provides \$617 million for the Space-Based Infra-Red System (SBIRS).
- Provides \$339 million for Advanced Wideband Satellite laser communications.
- Provides \$174 million for Space-Based Radar.

DEFENSE HEALTH PROGRAM

\$15.7 billion (an increase of \$886 million over the fiscal year 2003 enacted level).

Editor's Note: On Sept. 25, 2003, the Senate approved and forwarded to the president the FY2004 Defense Appropriations Act. The 2004 Appropriations Act was approved by a vote of 95-0, following a 407-15 House vote the day before. All indications are that the president will sign it. The Appropriations Act comes in at a total cost of \$368.2 billion, a figure only slightly different from earlier proposals.

FEDERAL ACQUISITION REGULATION (FAR) TEAMS

In a memorandum to Army, Navy, Air Force, and DoD acquisition and logistics directors, Deidre Lee, director, defense procurement and acquisition policy announced the restructuring of the current 28 FAR committees into five teams. DoD, she noted in the Oct. 3 memorandum, currently chairs 24 of the 28 committees and provides nearly 150 representatives from the Services and Defense Agencies to support the process.

"While we are committed to excellence in the FAR process," she stated, "we can no longer support the process to these levels. This initiative will significantly reduce DoD's resource commitment and enhance interagency involvement in the development and maintenance of the FAR."

DoD, according to Lee, must commit to 23 positions: 16 that are core and 7 that are rotational, shared by multiple individuals. To support the new team structure, she called for the continued support of DFARS committee chairs as well as nomination of top notch individuals for core and rotational positions. She urged defense agencies that have not participated on FAR committees in the past to submit nominees for the teams.

To learn more about each team's membership requirements and structure, download the attachment to Lee's memorandum from the Director, Defense Procurement and Acquisition Policy Web site at [http://www.acq.osd.mil/dpap/Docs/Federal%20Acquisition%20Regulation%20\(FAR\)%20Teams.pdf](http://www.acq.osd.mil/dpap/Docs/Federal%20Acquisition%20Regulation%20(FAR)%20Teams.pdf).



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
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SEP 9 2003



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MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR
FORCE (CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, ACQUISITION, TECHNOLOGY,
AND SUPPLY DIRECTORATE (DLA)
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: DoD Contract Payments—DFARS 204.7107(e)(3)(i)

A recent GAO review of two contracts (GAO report dated August 8, 2003, GAO Code 192069) asserted that one of those contracts did **not** contain specific payment instructions on how to allocate payment amounts to Accounting Classification Reference Numbers (ACRNs) as required by DFARS 204.7107(e)(3)(i). The review also asserted that, after initial contract award, payment instructions were **not** modified to reflect ACRNs subsequently added to the contract.

The requirements at DFARS 204.7107(e)(3)(i) read as follows:

When a contract line item is funded by multiple accounting classification citations, the contracting officer shall provide adequate instructions in section G (Contract Administration Data), under the heading "Payment Instructions for Multiple Accounting Classification Citations," to permit the paying office to charge the accounting classification citations assigned to that contract line item (see 204.7104-1(a)) in a manner that reflects the performance of work on the contract. If additional accounting classification citations are subsequently added, the payment instructions must be modified to include the additional accounting classification citations.

Contracting officers **must ensure** that all contracts containing multi-funded contract line items include adequate payment instructions to permit the paying office to charge the accounting classification citations assigned to that contract line item. In addition, contracting officers **must ensure** that these instructions are revised if additional ACRNs are subsequently added to the contract.



Please ensure this memorandum receives wide distribution to your contracting leaders, contracting officers, and buyers that affect these contracts. Any questions regarding this memorandum should be referred to Mr. David J. Capitano, Defense Procurement & Acquisition Policy/Policy, at (703) 847-7486 or david.capitano@osd.mil.



Deidre A. Lee
Director, Defense Procurement and
Acquisition Policy



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MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES

DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY DIRECTOR FOR LOGISTICS OPERATIONS (DLA)
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, ARMY CONTRACTING AGENCY

SUBJECT: Contracting for Services

In order to address issues revealed during a Department of Defense Inspector General review of your organizations on "Contracts for Professional, Administrative, and Management Support Services," please take the following actions:

- (1) Report to me by December 31, 2003, on your efforts to establish centers of excellence for service contracting, how the centers are used, and the experience gained at the centers.
- (2) Review your acquisition organizations' practices to ensure that:
 - a. Contracting officers appoint all representatives in writing in accordance with DFARS 201.602-2(5). Such written appointments should include a description of the authority, duties, and limitations of the representative.
 - b. All contracting officer representatives are appropriately trained to perform their duties in accordance with DFARS 201.602-2(2).
 - c. The appropriate contract type is used when acquiring services based on the criteria specified in FAR Part 16 and DFARS Part 216.

Please furnish the outcome of these actions by March 31, 2004.

If you have any questions on this matter, please contact Mr. William Timperley at william.timperley@osd.mil, telephone (703) 797-8336.

Deidre A. Lee
Director, Defense Procurement and
Acquisition Policy



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MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES

ACTING DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DIRECTOR, ARMY CONTRACTING AGENCY
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DEPUTY DIRECTOR FOR LOGISTICS OPERATIONS (DLA)
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: Use of Department of Defense Activity Address Code (DoDAAC)
in Contracting

This is to remind you of changes effective October 1, 2003, regarding how contracts and orders are numbered and reported (refer to my memorandum dated June 9, 2003). Specifically, the contracting activity's Department of Defense Activity Address Code (DoDAAC) is to be used as the first six characters of all procurement instrument identification numbers and supplementary numbers. The Defense Federal Acquisition Regulation Supplement (DFARS) Part 204 is being changed to reflect this requirement and should be published within the next few weeks. Appendix G will be removed from the DFARS, but an archived version will be available through the DFARS web page for reference purposes to assist in identifying prior year's identification numbers. The two position order codes, used when placing orders against another activity's contract or agreement, will also be maintained on the DFARS web page.

As indicated in my earlier memorandum, the DoDAAC will eliminate the current codes used to identify contracting offices for purposes of contract reporting starting October 1, 2004. The Department of the Army and the Defense Agencies reporting through the Army data collection point, plan to institute this change effective October 1, 2003.



Finally, please also be advised that DoDAACs are now also being used to track DoD entities for intra-governmental transactions across the Federal Government. Non-DoD agencies are required to use Dun & Bradstreet Data Universal Numbering System (DUNS) numbers to identify their entities. Should a Federal Agency request your DUNS or trading partner number, provide the appropriate DoDAAC with the prefix "DoD." Additional instructions on this issue are forthcoming.

My action officers regarding this subject are Ms. Lisa Romney, (703) 614-3883, lisa.romney@osd.mil, regarding electronic business implications; and Mr. Ray Morris, (703) 604-4572, morrisr@dior.whs.mil, regarding technical and associated DFARS changes.



Deidre A. Lee
Director, Defense Procurement and
Acquisition Policy